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4 Strategies for Growing and Protecting Business Owner Wealth

These tactics have the biggest impact on your business's future and your personal financial well-being.



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For business owners, the last few years have introduced one challenge after another.

After working through the COVID-19 pandemic and inching toward recovery and some sense of normalcy, they were faced with supply chain disruption, inflation, rising interest rates, global unrest and market uncertainty – roadblocks that have been slow to dissipate.

And while it's easy to work in a reactive capacity even in the best of times, business owners looking to thrive in 2023 and beyond would be well served to take a proactive step by shoring up their foundational elements, both in anticipation of further uncertainty and as a sound business practice.

Throughout our history of working with business owners, we have found that taking action on these four core tactics has the biggest positive impact on both the business's future and the business owner's personal financial well-being.

1 Organize Your Financial Life

It sounds obvious to say, but most business owners spend the bulk of their time running their businesses. That often leaves the more tactical elements of their financial lives, both personal and professional, as an afterthought, leading to disorganization that can make it difficult or impossible to spot both potential risks and opportunities.

And considering the various bank accounts, business accounts, investment accounts, personal and professional insurance policies, business agreements and more that make up the documentation of a business owner's financial life, it's easy to see why organization can be such a challenge.

But bringing all of your assets, liabilities and risk management details together is the only way to truly gain necessary oversight on any gaps and weaknesses. From there, you can see how everything works together (or doesn't), establish your short- and long-term priorities and begin building a plan to move forward.



2 Define and Plan for Your Goals

The next step is identifying your goals, both for your business and for your personal life, since they'll inevitably overlap and impact one another. That involves honestly answering questions that can be difficult, like what you ultimately want to do with your business, when you'd like to have more time to enjoy your successes, and what you want your future to look like.

Achieving those goals requires diligent and ongoing planning to ensure nothing falls through the cracks. If you don't have a current buy/sell agreement in place, or it isn't properly funded, for example, your business could be liquidated in the event of an emergency.

And even if retirement is a long way off, the time is now to start putting the pieces in place to ensure your wishes for yourself, your family and your business come to fruition.

For example, the majority of business owners don't have a succession plan even though it remains a top concern. Many find it difficult to actually implement strategies that ensure the business can continue operating smoothly and effectively in the event of your departure, planned or unplanned.

While it's understandable that you're busy filling orders, running payroll, or evaluating resumes, establishing and maintaining a plan is key for protecting the value of your business.

Most business owners are busy working in the business, which means plans for the **business's legacy** tend to fall by the wayside.



3

Secure Any Tax Advantages

Running a successful business comes with its own set of challenges. One of the biggest is identifying how to use your resources in the most efficient manner to build wealth, but also reduce the amount of taxes you pay while earning income from the business.

A number of different strategies for reducing taxes or improving cash flow to free up additional resources exist, depending upon the way your business is structured and your ultimate goals.

When it comes to company retirement plan strategies, for example, you can go the traditional 401K route, or save more for retirement by introducing a profit sharing component, a cash balance retirement plan or deferred

compensation – all strategies that will allow you or your employees to put more money away while reducing tax liability.

Working with both a CPA and a financial advisor can dramatically increase the effectiveness of any tax planning strategy. While your CPA will typically focus on day-to-day bookkeeping and reducing your tax burdens based on how you're currently running your business, many aren't providing long-term strategic advice like a financial advisor will.

When the two work hand-in-hand rather than in silos, you gain additional value in the form of retirement savings, improved efficiencies, reduced taxes and an overall cohesive plan for your business.



4 Protect Your Legacy

As you're growing your business, defining your goals and implementing tax efficiency strategies, it's important to make sure that everything you're building is protected, for **yourself**, **your employees** and **your family**.

An overwhelming number of businesses are uninsured or underinsured, leaving the businesses themselves and their owners vulnerable to financial and reputational risks. Mitigating that exposure is critical for your business's future, but it can be challenging to know what kind of insurance policies you need, and how much is sufficient.

Working with a financial advisor to determine your business's valuation is an essential first step in identifying the right amount of coverage for basic policies like key man life insurance, liability insurance, and funding a buy/sell strategy. A business valuation also provides a gut

check about your business's health, and empowers you with key performance indicators that offer a roadmap for improvement opportunities.

The value of your business impacts your personal finances, as well, since your business is likely one of your largest assets. Understanding its value enables more informed decision-making when it comes to estate and legacy planning, retirement planning and investment management.



Conclusion

Eliminating Financial Silos

Perhaps the best move you can make as you're planning for the future is to ensure neither your **business** nor your **personal finances** exist in a vacuum.

Bringing them together into a cohesive plan is key for making sure nothing is missed or overlooked, and that you're able to capitalize on every opportunity to achieve your goals, both personally and professionally.

Most financial advisors provide personal wealth management services to business owners, but doing so without deeply understanding the business itself is inefficient and potentially risky. As you're navigating the road ahead, consider whether you need to consult with a professional that can offer expertise in both areas to reinforce financial security for your business, your employees and your family.

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To learn more about our strategies for growing your business, visit **mycgfinancial.com**.





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